

Message Text

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ACTION ARA-10

INFO OCT-01 ISO-00 SSO-00 NSCE-00 USIE-00 INRE-00 ARAE-00

SP-02 AID-05 EB-07 NSC-05 CIEP-01 TRSE-00 SS-15

STR-04 OMB-01 CEA-01 PA-01 PRS-01 CIAE-00 COME-00

FRB-03 INR-07 NSAE-00 XMB-02 OPIC-03 LAB-04 SIL-01

DODE-00 /074 W

----- 033823

O 221610Z AUG 75

FM AMEMBASSY LIMA

TO SECSTATE WASHDC IMMEDIATE 6424

C O N F I D E N T I A L LIMA 6864

EO 11652: GDS

TAGS: EINV, EGEN, EMIN, PFOR, PE, US

SUBJ: MARCONA NATIONALIZATION - GOP DECLINES TO PRESENT
DRAFT PROPOSAL TO MARCONA, COMPTON RETURNS HOME

REFS: A) LIMA 6804, B) LIMA 6793

1. SUMMARY: THE AFTERNOON OF AUGUST 22 AMB DE LA PUENTE INFORMED JAMES COMPTON THAT, ALTHOUGH GOP TEAM HAD PREPARED A DRAFT PROPOSAL ON SHIPPING AND SALES FOR MARCONA'S CONSIDERATION, THE TEAM "WAS NOT AUTHORIZED" BY GOP MINISTERS TO PRESENT IT TO MARCONA AND HE THEREFORE WISHED COMPTON A "PLEASANT TRIP HOME." BEFORE DEPARTURE FOR SAN FRANCISCO, NIGHT OF AUGUST 21, COMPTON ASKED DE LA PUENTE IF IT WOULD SERVE A USEFUL PURPOSE FOR MARCONA TO MAKE A PROPOSAL TO GOP INSTEAD OF THE OTHER WAY AROUND (REF A). DE LA PUENTE REPLIED THAT THE NEXT MOVE IS UP TO MARCONA. COMPTON NOW BELIEVES THAT PRESENT PROSPECTS FOR ANY FORWARD MOVEMENT HAVE DECREASED, BUT WILL DISCUSS WITH MARCONA MANAGEMENT THE FEASIBILITY OF MARCONA MAKING AN OFFER TO GOP. IF MANAGEMENT AGREES, COMPTON MIGHT RETURN TO LIMA NEXT WEEK. END SUMMARY.

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2. MORNING OF AUGUST 21 DE LA PUENTE AND DELGADO TOLD

COMPTON THAT THEY (AND BROUSSET) HAD WORKED THROUGH THE PREVIOUS NIGHT AND HAD PREPARED A PERUVIAN DRAFT PROPOSAL FOR REINSTATEMENT OF SHIPPING CONTRACTS WITHOUT PREJUDICE TO NEGOTIATIONS FOR RESOLUTION OF CENTRAL ISSUE, WHICH WOULD BE PRESENTED THAT AFTERNOON FOR COMPTON'S CONSIDERATION. DE LA PUENTE SAID THAT THE DRAFT PROPOSAL WOULD BE PRESENTED TO PRESIDENT VELASCO AND OPTIMISTICALLY TOLD COMPTON THAT WHEN THE PAPER WAS READY IT MIGHT BE WORTHWHILE TO BRING FURTHER BACK FROM SAN FRANCISCO. DE LA PUENTE TOLD COMPTON HE WOULD CALL HIM LATER THAT AFTERNOON TO PRESENT THE PAPER.

3. IN THE AFTERNOON DE LA PUENTE CALLED COMPTON TO TELL HIM THAT THE PROPOSAL HAD BEEN CONSIDERED BY THREE MINISTERS (PROBABLY FORNMIN DE LA FLOR, COMMERCE MIN ARIAS GRAZIANI, AND MINES MIN FERNANDEZ MALDONADO). DE LA PUENTE CONTINUED THAT THE MINISTERS "NEITHER ACCEPTED NOR REJECTED THE PROPOSAL," BUT DID NOT AUTHORIZE THE PRESENTATION OF THE PROPOSAL TO COMPTON. DE LA PUENTE THEN WISHED COMPTON A PLEASANT TRIP HOME, GAVE HIM HIS HOME TELEPHONE NUMBER, AND TOLD HIM THAT IF MARCONA WISHES TO MAKE A PROPOSAL TO LET HIM KNOW.

4. AFTER CONSULTATION WITH THE AMBASSADOR, COMPTON CALLED DE LA PUENTE FOR CLARIFICATION. COMPTON SPECIFICALLY ASKED DE LA PUENTE IF MARCONA SHOULD PRESENT A PROPOSAL. DE LA PUENTE MERELY REPLIED "THAT IS UP TO YOU." COMPTON THEN ASKED IF THE GOP TEAM HAD BEEN DISBANDED. DE LA PUENTE EQUIVOCATED. WHILE THE TEAM IS NO LONGER OFFICIALLY FUNCTIONING, DE LA PUENTE NOTED THAT SOME OF THE SAME PEOPLE WOULD BE PREPARED TO MEET WITH COMPTON AND FURTHER. DE LA PUENTE THEN ADDED THAT "POSSIBLY EVEN OTHERS" (AT A HIGHER LEVEL) COULD BE INCLUDED.

5. COMPTON TOLD EMBOFFS THAT, IF THE DECISION WERE HIS, HE WOULD MAKE A PROPOSAL; HOWEVER, HE IS UNSURE WHETHER MARCONA MANAGEMENT WILL CONTINUE TO "PLAY POKER A LA PERUANA." MARCONA IS UNDER CONSIDERABLE PRESSURE TO MAKE IMMEDIATE USE OF ITS IDLE SHIPPING FLEET AND SOME IN ITS MANAGEMENT WILL PROBABLY FAVOR ONE LAST TRY WITH THE GOP. COMPTON BELIEVES IT LIKELY THAT HE MAY BE CONFIDENTIAL

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AUTHORIZED TO RETURN TO LIMA NEXT WEEK FOR ONE FINAL EFFORT AT CONVERSATIONS.

6. COMMENT: WE BELIEVE THAT FACE-SAVING PLAYS A SUBSTANTIAL PART IN APPARENT GOP REVERSE WHICH OCCURRED ON AUGUST 21. AS COMPTON NOTED TO US, DURING ALL THE YEARS OF DISCUSSIONS WHICH LED TO THE SIGNING OF VARIOUS GOP CONTRACTS WITH MARCONA, THE GOP NEVER MADE A PRO-

POSAL OF THEIR OWN, AND THE PERUVIAN MILITARY MAY FIND
IT DEMEANING IN THEIR OWN EYES TO MAKE A PROPHUAL TO
THE COMPANY. THERE COULD WELL BE A CONSIDERABLE
AMOUNT OF SELF-PROTECTIVE MANEUVERING ON THE PART OF
THE GOP TEAM AS WELL, EITHER TO BUILD A RECORD TO PROVE
THEY TRIED TO REACH AN ACCOMMODATION WITH THE COMPANY,
BUT FAILED (PRESUMING THE GOP HAS DECIDED NOT TO HOLD ANY
SERIOUS DISCUSSIONS), OR TO COVER THEMSELVES IN CASE A
MUTUALLY ACCEPTABLE SOLUTION IS FINALLY REACHED (SEE COMMENTS
REF A).
DEAN

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: NATIONALIZATION, FOREIGN INVESTMENT, COMPENSATION, NEGOTIATIONS
Control Number: n/a
Copy: SINGLE
Draft Date: 22 AUG 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: GolinoFR
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975LIMA06864
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D750291-0628
From: LIMA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750827/aaaaaxrq.tel
Line Count: 126
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION ARA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 75 LIMA 6804, 75 LIMA 6793
Review Action: RELEASED, APPROVED
Review Authority: GolinoFR
Review Comment: n/a
Review Content Flags:
Review Date: 11 SEP 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <11 SEP 2003 by CunninFX>; APPROVED <20 OCT 2003 by GolinoFR>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
06 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: MARCONA NATIONALIZATION - GOP DECLINES TO PRESENT DRAFT PROPOSAL TO MARCONA, COMPTON RETURNS HOME
TAGS: EINV, EGEN, EMIN, PFOR, PE, US, MARCONA
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006